

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, NOVEMBER 6, 2009

BY DAVE MEARS

THE WEEK'S TOP RAIL AND TRANSIT NEWS (in chronological order):

(MON) Federal Railroad Administration Chief Administrator Joe Szabo said that his agency would select recipients for \$8 billion in federal passenger rail stimulus funding "hopefully in January." Mr. Szabo said that the number of applications FRA received for this funding "far exceeded his expectations." He added, "We want to pick projects that will be successful, [as] success breeds success." (ffd: Wall Street Journal)

(MON) United Transportation Union served "Section Six" notices to railroads represented by the National Carriers Conference Committee. Among UTU's contract wants, as specified in the new contract, are a series of general wage increases ever six months, the elimination of two-tier pay systems, cost-of-living wage adjustments, increased meal allowances, and a guarantee that furloughed employees called back to work will be given a minimum of 60 days work and pay. (ffd: Progressive Railroading)

(MON) Canadian National observed "Safe Crossing Week" in the U.S. and Canada. A CN spokesman said that its Safe Crossing Program is an outreach effort by the railroad especially aimed at promoting increased safety by children and young adults at crossings and near railroad tracks. (ffd: CN RR)

(TUE) In an especially notable event, Warren Buffett's Berkshire Hathaway investment company announced that it would purchase the 77.4 percent of BNSF stock it doesn't already own, effectively making Mr. Buffett the owner of BNSF. Under the deal, Berkshire Hathaway will pay \$34 billion in cash and stock, and assume \$10 billion in BNSF debt. "It's an all-out wager on the economic future of the United States," commented Mr. Buffett. "I love those bets." BNSF CEO Matt Rose said, "We are thrilled to have the opportunity to become part of the Berkshire Hathaway family." (ffd: New York Times, Omaha World-Herald, wire services)

(TUE) Philadelphia transit workers went out on strike, idling the city's SEPTA bus, subway and light rail services. SEPTA commuter rail services, whose workers are covered under separate contracts, continued to operate. Involved in the negotiations was Pennsylvania Governor Ed Rendell, who called the union's bargaining position "madness" when a tentative deal fell apart late Friday. (Update: The strike was eventually settled late on Sunday, November 8, with transit services resuming operation the morning of Monday, November 9.) (ffd: Philadelphia Inquirer, wire services)

(TUE) Clorox Company said that it would stop using chlorine in its signature bleach product and instead use other sanitizing chemicals in the product. Noting increasing efforts by transportation providers to encourage companies using chlorine to instead use less toxic products, a Clorox spokesman said that it was making the switch because of growing concerns over the safety and oversight of transporting chlorine by rail. The spokesman added that it was Clorox's goal to "ultimately eliminate the transportation of chlorine from our U.S. supply chain." (ffd: wire services)

(WED) Two rail-intermodal deals were announced. Union Pacific said that it had concluded a new agreement with Pacer International, replacing their current contract in effect since 1990. A Pacer spokesman said that the agreement will allow for a gradual increase in rates and "will give Pacer continued access to UP's entire intermodal network." Also this week, Norfolk Southern and J.B. Hunt announced that they had concluded a new multi-year agreement. NS CEO Wick Moorman said that the agreement gives both parties "shared incentives to grow volume and revenue by converting substantial volumes of freight from highway to rail." (ffd: Journal of Commerce)

(THU) Philadelphia's SEPTA suffered an on-duty employee fatality on its commuter rail system. Kevin Sparks, Age 34 with eight

years' service, was killed when he was struck by a SEPTA train just south of the Melrose Park, PA station. Mr. Sparks was a SEPTA track worker. (ffd: Philadelphia Inquirer)

(FRI) The Philadelphia Inquirer reported that the massive Pennsylvania Railroad power plant near 30th Street Station would soon be imploded. The newspaper reported the implosion was tentative scheduled for the morning of Sunday, November 15. The plant, which locates in the coach yards just north of the station, was built in 1929 and has been unused since 1964. (ffd: Philadelphia Inquirer)

#### STATS:

(THU) For the week ending October 31, 2009, U.S. rail volume grand totaled 31.0 billion ton-miles, down 12.7 percent from the comparable week last year. U.S. carload rail traffic was down 13.7 percent, down 12.9 percent in the East and down 14.3 percent in the West. Grain mill products were up 9.9 percent, chemicals were up 3.6 percent, and waste and scrap materials were up 0.3 percent; all other commodity groups saw declines. Also for the week, U.S. intermodal rail traffic was down 11.1 percent, Canadian carload rail traffic was down 8.7 percent, Canadian intermodal rail traffic was down 12.2 percent, Mexican carload rail traffic was 17.2 percent, and Mexican intermodal rail traffic was down 0.5 percent.

For the first ten months of 2009, U.S. rail volume grand totaled 1.23 trillion ton-miles, down 17.0 percent when compared with the first ten months of 2008. Also for this period, U.S. carload rail traffic was down 17.9 percent, U.S. intermodal rail traffic was down 16.2 percent, Canadian carload rail traffic was down 21.1 percent, Canadian intermodal rail traffic was down 15.8 percent, Mexican carload rail traffic was down 11.9 percent, and Mexican intermodal rail traffic was down 17.2 percent. (ffd: AAR)

(NOTE: Canadian traffic totals include those of the U.S. operations of Canadian Pacific Railway and Canadian National.)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Canadian Pacific filed to abandon approximately one mile of former Soo Line track in Waukesha and Milwaukee Counties, WI. (ffd: STB)

(MON) Norfolk Southern announced that it would make \$11 million in improvements to its Philadelphia intermodal terminal located near the former Philadelphia Navy Yard. Construction will begin in mid-2010 and create the capacity to handle more than 72,000 containers and trailers there annually. (ffd: NS RR)

(MON) Vossloh Corporation announced its acquisition of Global Rail Systems. Global Rail Systems manufactures and supplies railroad technology products for mainline and yard switch control and automation, crossing warning systems, train detection and advanced control and dispatching software. (ffd: Progressive Railroading, RT&S)

(TUE) The Surface Transportation Board endorsed Pinsky Corporation's earlier filing to acquire the Warren & Saline River Railroad through the purchase of all WSR stock from Potlatch Land & Lumber LLC. Pinsky also plans to acquire the Prescott & Northwestern Railroad through a similar stock purchase. (ffd: Progressive Railroading, STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Gene Skoropowski announced that he would step down as head of the California Capitol Corridor Joint Powers Authority to work for HNTB [consultants.] He will become the passenger rail services director for HNTB's South East Division, basing out of Lake Mary, FL. Mr. Skoropowski is especially known for his work at CCCJPA the last ten years, where he managed and prospered stated-funded, Amtrak-operated passenger rail services in Northern California. (ffd: Railway Age)

(WED) Howard Roberts resigned as head of the New York City Transit Authority. The next day, New York State Metropolitan Transportation Authority head Jay Walder announced Thomas Prendergast as new NYCTA president. Mr. Prendergast was the agency's SVP-Subways from 1990 through 1994, and was president of the Long Island Rail Road from 1994 through 2000. (ffd: Progressive Railroading)

(THU) Amtrak appointed Ted Alves as its inspector general. Mr. Alves was earlier with the U.S. Department of Transportation and other federal agencies. (ffd: Washington Post)

(THU) Rep. Tim Walz (D-MN) was named vice chair of the House Subcommittee on Railroads, Pipelines, and Hazardous Materials. This subcommittee reports to the House Transportation & Infrastructure Committee, which is chaired by Rep. James Oberstar (D-MN). (ffd: Minneapolis Post)

(FRI) James Foote announced his resignation from Canadian National. Mr. Foote, a 14-year CN employee, was most recently its EVP-Sales & Marketing. CN announced that Jean-Jacques Ruest, its SVP-Marketing, and Stan Jablonski, its SVP-Sales, will report to outgoing CN CEO Hunter Harrison until year's end, after which they will report to incoming CN CEO Claude Mongeau. (ffd: CN Corp.)

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BE SAFE AND PROSPER,

Dave Mears

Cherry Hill, NJ